



PERA MEMBER HANDBOOK

PUBLIC EMPLOYEES RETIREMENT
ASSOCIATION OF NEW MEXICO
MEMBER HANDBOOK



**Public Employees
Retirement Association**
of New Mexico

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IMPORTANT NOTICE

This member handbook is intended solely as a convenient guide for members to PERA procedures and benefits. As a result, the information in the handbook is of a general nature and may not apply to all situations. Future changes in the Public Employees Retirement Act or in the rules of the Association may make some information obsolete.

In all situations, the provisions of the Public Employees Retirement Act and the rules of the Association control and override any statement or information contained in this member handbook.

This handbook is not a contract. It is not intended to and cannot be considered to create any contractual obligation on the part of PERA.

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WELCOME

Welcome to PERA, New Mexico's public employment retirement system. PERA was established by the New Mexico Legislature in 1947 and is today one of the finest public retirement systems in the nation. Over 310 state and local government agencies and 373 volunteer firefighter departments provide pension benefits to their employees through PERA.

As executive director of PERA, I want you to know that the focus of my staff and the PERA Board is to provide responsive, quality service to all PERA participants.

Our secure and successful investment program is carefully monitored to ensure that your pension funds are safe and that sufficient funds will be available to pay your pension benefits when you retire. The PERA fund continues to be a model of stability and wise investing. The fund was at \$12.2 billion as of June 30, 2008.

If you have any questions about PERA or your retirement program, please feel free to give us a call. We'll be happy to help!

A handwritten signature in black ink, reading "Terry Slattery". The signature is fluid and cursive, with the first name "Terry" and last name "Slattery" clearly distinguishable.

Terry Slattery, CEBS
EXECUTIVE DIRECTOR

ABOUT PERA

New Mexico enacted legislation creating a public employee retirement system in 1947. New Mexico was the last state in the continental United States to establish a retirement system for its public employees.

At that time, members were required to contribute 3.5% of their gross salary, and their employers matched it with an equal amount. The maximum annuity any member could expect to receive was \$150 per month. There were no preretirement survivor benefits available.

In 1955, PERA had 217 pension recipients who received an average annual pension of \$1,161. By 1960, PERA recorded 593 pension recipients with an annual pension payroll of \$717,200, averaging \$1,209 per retiree per year. In 1961, the plan was again improved to provide benefits of up to 50% of a member's final average salary.

Today there are 30 plans covering municipal employees, county employees, state employees, municipal police, municipal firefighters, judges, magistrates, legislators, volunteer firefighters and special districts and authorities created by the legislature. As of June 30, 2007, the pension payroll for all plans was \$519,785,955. PERA has 60,712 members and 24,384 retirees and beneficiaries. The average annual pension amount in fiscal year 2007 ranged from a low of \$1,268 for volunteer firefighters, a midrange of \$25,575 for state police employees, to \$54,171 for members of the judicial plan.

PERA'S GOVERNING BODY

PERA is governed by a Retirement Board consisting of 12 members. The State Treasurer and Secretary of State are members by reason of their office. Eight members of the Board are elected by the active membership of the Association. Four of the eight members are Municipal Division members, one of whom is employed by a county. The remaining four are State Division members. Two board members are PERA retirees elected to the Board by the retired members. Members elected to the Board serve staggered 4-year terms.

Board elections are held in accordance with published Association rules. Copies of election rules and procedures can be obtained from PERA.

PLAN PROVISIONS

PERA MEMBERSHIP

PERA membership is a mandatory condition of employment, required for employees of the state and of affiliated public employers. Employees excluded from PERA membership include the following:

Seasonal or Temporary Employee – An employee who works in a position designated as “seasonal” or “temporary” by the affiliated public employer and created to last no more than 9 consecutive months. An employee exclusion from membership form must be filed with PERA within 30 days of the date of employment.

Student Employee – An employee who, during at least 8 months in any calendar year, or during the period of employment, is enrolled at an educational institution with academic credits that would be accepted by a state educational institution or a public school district and is carrying at least 12 credit hours. Any person who is a regular, full-time employee is not a “student” for purposes of exclusion from PERA membership.

Elected Officials who want to be excluded must file an exclusion from membership form within 24 months of assuming office. This form must be filed with each new term of office.

Employees of a Public Employer at the time of its affiliation with PERA may file for an exclusion from membership within 30 days of the effective date of affiliation.

Part-Time Employees – Employees who regularly work less than 20 hours in a 40-hour scheduled workweek are excluded from membership.

Retiree Chief of Police/Undersheriff – A retired member, who is appointed chief of police or undersheriff of an affiliated public employer other than the employer from which he or she retired, can exclude himself or herself from PERA membership.

PERA Retiree Elected Officials - PERA retirees elected or appointed to office can no longer exclude themselves from PERA membership. The PERA affiliated employer will be responsible for paying both employer and employee contribution amounts on salaries earned by the re-employed retirees. The exclusions of elected officials filed prior to July 1, 2003 will continue through the term of office for which the exclusion was filed.

Independent Contractors – Retirees who perform work as independent contractors for PERA-affiliated employers are excluded from PERA membership. There is no 90-day waiting period to return to work with a PERA affiliate for independent contractors. Prior contract approval by PERA is required.

PERA Retirees - As of January 1, 2007, PERA affiliates who re-employ PERA retirees are responsible for paying both the employee and employer contribution amounts on salaries earned by the re-employed retirees. This includes retirees who were employed prior to January 1, 2007 and are already on payroll.

Different rules apply to retired judges and magistrates. A judge retiring under the Judicial Retirement Act or magistrate retiring under the Magistrate Retirement Act will have his or her pension suspended if he or she returns to work for a PERA affiliate. The retired judge's or magistrate's pension resumes when he or she terminates employment with a PERA affiliate.

PERA Retiree Exclusions - The ONLY PERA retirees who are excluded from the provisions of retirees returning to work are: chiefs of police; undersheriffs; and retirees hired by the legislature to work during legislative sessions.

Retirees from the Educational Retirement Board hired by a PERA affiliate are also excluded from the provisions of retirees returning to work. No other exclusions are permitted. PERA affiliates must make employer and employee contributions on behalf of ALL OTHER retirees. This includes a PERA retiree who is hired as a seasonal or temporary employee or part-time employee. Exempt, or at-will, employees are not excluded from provisions of retirees returning to work.

The statutory provision that retirees must not be employed by a PERA-affiliated employer for 90 consecutive days from his or her retirement date before being eligible to return to work for a PERA affiliate still applies. If a retiree returns to work with a PERA-affiliated employer before the 90-day waiting period elapses, the retiree must remove him or herself from retirement. The retiree will then become an employee and make PERA contributions. Any pension amounts received must be paid back to the fund. The employee must apply for re-retirement at the end of his or her employment to begin receiving a pension.

CONTRIBUTIONS BY MEMBERS & EMPLOYERS

Plan	Employee Contribution Percentage	Employer Contribution Percentage
State Plan 1 (applicable before 10/87)	3.83%	11.48%
State Plan 2 (applicable after 10/87)	6.18%	13.83%
State Plan 3 (applicable after 12/96)	7.42%	16.59%
State Hazardous Duty Plan 1 (applicable before 12/96)	4.0%	21.5%
State Hazardous Duty Plan 2 (applicable after 12/96)	4.78%	25.72%
State Police and Adult Correctional Officers Plan 1 (Enhanced Plan)	7.6%	25.1%
Municipal Plan 1	7.0%	7.0%
Municipal Plan 2	9.15%	9.15%
Municipal Plan 3 (closed 6/95)	13.15%	9.15%
Municipal Plan 4 (closed 6/00)	15.65%	11.65%
Municipal Detention Officer Plan 1 (Enhanced Plan)	16.65%	16.65%

NORMAL RETIREMENT PENSION

Plan	Pension Factor Per Year Of Service Credit	Maximum Pension As A Percent Of Final Average Salary
State Plan 1 (applicable before 10/87)	2.0%	60% $2.0\% \times 30 \text{ years} = 60\%$
State Plan 2 (applicable after 10/87)	2.5%	75% $2.5\% \times 30 \text{ years} = 75\%$
State Plan 3 (applicable after 12/96)	3.0%	80% $3.0\% \times 26 \text{ years, } 8 \text{ months } (.6667) = 80\%$
State Hazardous Duty Plan 1 (applicable before 12/96)	2.5%	100% $2.5\% \times 40 \text{ years} = 100\%$
State Hazardous Duty Plan 2 (applicable after 12/96)	3.0%	100% $3.0\% \times 33 \text{ years, } 4 \text{ months } (.3333) = 100\%$
State Police and Adult Correctional Officers Plan 1 (Service Credit X 20% Enhancement)	3.0%	80% $3.0\% \times 26 \text{ years, } 8 \text{ months } (.6667) = 80\%$
Municipal Plan 1	2.0%	60% $2.0\% \times 30 \text{ years} = 60\%$
Municipal Plan 2	2.5%	75% $2.5\% \times 30 \text{ years} = 75\%$
Municipal Plan 3 (closed 6/95)	3.0%	80% $3.0\% \times 26 \text{ years, } 8 \text{ months } (.6667) = 80\%$
Municipal Plan 4 (closed 6/00)	3.0%	80% $3.0\% \times 26 \text{ years, } 8 \text{ months } (.6667) = 80\%$
Municipal Detention Officer Plan 1 (Service Credit X 20% Enhancement)	3.0%	80% $3.0\% \times 26 \text{ years, } 8 \text{ months } (.6667) = 80\%$

CONTRIBUTIONS BY MEMBERS & EMPLOYERS

Plan	Employee Contribution Percentage	Employer Contribution Percentage
Municipal Police Plan 1	7.0%	10.0%
Municipal Police Plan 2	7.0%	15.0%
Municipal Police Plan 3*	7.0%	18.5%
Municipal Police Plan 4*	12.35%	18.5%
Municipal Police Plan 5*	16.3%	18.5%
Municipal Fire Plan 1	8.0%	11.0%
Municipal Fire Plan 2	8.0%	17.5%
Municipal Fire Plan 3*	8.0%	21.25%
Municipal Fire Plan 4*	12.8%	21.25%
Municipal Fire Plan 5*	16.2%	21.25%

* 20-Year Plans

See page 18 for explanation.

NORMAL RETIREMENT PENSION

Plan	Pension Factor Per Year Of Service Credit	Maximum Pension As A Percent Of Final Average Salary
Municipal Police Plan 1	2.0%	60% 2.0% X 30 years =60%
Municipal Police Plan 2	2.5%	100% 2.5% X 40 years =100%
Municipal Police Plan 3*	2.5%	100% 2.5% X 40 years =100%
Municipal Police Plan 4*	3.0%	80% 3.0% X 26 years, 8 months (.6667)=80%
Municipal Police Plan 5*	3.5%	80% 3.5% X 22 years, 11 months (.9167)=80%
Municipal Fire Plan 1	2.0%	60% 2.0% X 30 years =60%
Municipal Fire Plan 2	2.5%	100% 2.5% X 40 years =100%
Municipal Fire Plan 3*	2.5%	100% 2.5% X 40 years =100%
Municipal Fire Plan 4*	3.0%	80% 3.0% X 26 years, 8 months (.6667) =80%
Municipal Fire Plan 5*	3.5%	80% 3.5% X 22 years, 11 months (.9167) =80%

* 20-Year Plans

See page 18 for explanation.

MONTHS OF SERVICE CREDIT CONVERSION FACTOR TABLE

No. of Months	Conversion Factor
1	.0833
2	.1667
3	.2500
4	.3333
5	.4167
6	.5000
7	.5833
8	.6667
9	.7500
10	.8333
11	.9167
12	1.0000

INTEREST CREDITED TO YOUR ACCOUNT

Each year, interest on your contributions at the rate set by the Board is credited to your account balance as of June 30. A member statement of your account balance will be mailed to you after interest has been posted. Please remember that PERA must have a current mailing address for you as of June 30 for you to receive your annual statement. Currently, interest accrues at 5.25%.

SERVICE CREDIT TABLE FOR PERA PLANS WITH ENHANCED SERVICE CREDIT

Actual Employment in Years and Months	Earned Enhanced Service Credit	Years and Months of Service Credit Needed for Retirement
22 years, 3 months	+ 4 years, 5 months	= 26 years, 8 months
20 years, 10 months	+ 4 years, 2 months	= 25 years
16 years, 8 months	+ 3 years, 4 months	= 20 years
14 years, 2 months	+ 2 years, 10 months	= 17 years
11 years, 8 months	+ 2 years, 4 months	= 14 years
9 years, 2 months	+ 1 year, 10 months	= 11 years
6 years, 8 months	+ 1 year, 4 months	= 8 years
4 years, 2 months	+ 10 months	= 5 years
1 year 8 months	+ 4 months	= 2 years
1 year 3 months	+ 3 months	= 1 year 6 months
10 months	+ 2 months	= 1 year

For every 5 months of time worked on the job in an enhanced service plan, you will earn one month of enhanced service credit. Add the time you have actually worked plus the 20% enhanced service credit to equal the total amount of service credit you have under these enhanced plans.

CALCULATING ENHANCED SERVICE CREDIT

A. Actual Years, and Months of Service Credit Earned _____

B. 20% Enhancement on Service Credit _____

C. Sub Total (Lines a + b) _____

D. Other Service Credit Without the Enhancement
(Service with other PERA agencies) _____

E. Any Service Credit that has been Purchased _____

F. Sub Total (Lines d + e) _____

SERVICE CREDIT

FIVE OR MORE YEARS OF SERVICE - VESTED MEMBERSHIP

If you terminate your employment with at least 5 years of service credit and leave your accumulated member contributions on deposit with the Association, you are eligible to receive a deferred pension when you meet the age and service requirements for normal retirement. (See page 18 for details.) In addition, certain disability and survivor pension provisions are available. (See pages 24-26 for details.)

If you terminate employment after earning 15 or more years of PERA service credit in order to accept employment with the federal government within 90 days of termination, you may be eligible to continue PERA membership by paying combined member and employer contributions based on your salary at the time you terminate employment. If you have questions about this provision, contact the PERA Contribution Accounting Department.

SERVICE

Membership in PERA is mandatory for employees of affiliated employers. You and your employer make the required contributions but only the employee portion is credited to your account on a monthly basis. Service is credited for any calendar month you begin employment on or before the 16th of the month or terminate employment on or after the 15th of the month. In addition, you do not earn service credit for any month in which you receive less than 50% of your regular monthly salary.

No member may earn more than 12 months of service in a calendar year (except for members in the State Police and Adult Correctional Officers Plan and the Municipal Detention Officers Plan whose credited service is increased by 20%). If, for example, you work full time for one affiliated employer, and in the same month, part time for another, you still receive only one month of service credit during the month. This also applies if you are employed by a PERA-affiliated employer and an ERA-affiliated employer in the same month. If you are considering dual employment and have questions, please call PERA.

SERVICE PRIOR TO AFFILIATION

Employment with an affiliated public employer after July 31, 1947, but before the date the public employer became an affiliated public employer, may be purchased as PERA service after you have acquired at least 5 years of service credit. Please contact PERA to obtain the cost and conditions for this purchase.

UNIFORMED SERVICE

Military service may be eligible for PERA credit. Uniformed service is divided into two categories by the Public Employees Retirement Act: (1) intervening uniformed service and (2) non-intervening uniformed service. Uniformed service which is used to obtain or increase a benefit from another state retirement program cannot be credited to you under PERA.

Intervening Uniformed Service occurs when you are called into active duty and leave employment with an affiliated public employer then promptly return to employment with an affiliated public employer upon discharge. Those months of uniformed service may be credited to you, free of contributions, upon your request and certification to PERA by your employer.

Contributions during this time should not be made by you or your employer if you receive differential pay. If your employer makes contributions from your annual or sick leave while you are on a tour of duty you will receive normal service credit for that time but not free service credit. Uniformed service following voluntary enlistment, however, is not eligible for free service credit. This includes joining any branch of the armed forces.

Non-Intervening Uniformed Service is all other active uniformed service. You may be eligible to purchase up to 5 years (less any free uniformed service credit for which you have already received credit) of active duty, uniformed service if:

- You have at least 5 years of PERA service credit; and
- You pay PERA the purchase cost which is based on the amount of service time to be purchased, and your final average salary at the member contribution rate and employer contribution rate of your plan at the time of purchase. Payment must be made in a lump sum within 60 days of the date you are advised of the cost or the cost may change.

You can obtain further information about credit for uniformed service by contacting PERA.

*The portion of the purchase cost for the employer contribution rate will **not be refunded** to you if you subsequently terminate membership and withdraw your accumulated member contributions.*

OTHER SERVICE

You may be eligible to purchase service credit for service under some other federally funded programs listed in the PERA Act or if you were a civilian prisoner of war. Contact PERA to obtain additional information about credit for such service.

PURCHASING SERVICE CREDIT

REINSTATEMENT OF FORFEITED SERVICE CREDIT

Service credit that was forfeited by withdrawing your accumulated contributions following a termination of employment may be reinstated by paying the Association the amount withdrawn, plus interest, from the date of withdrawal to the date of repayment. Interest is calculated at the rate set by the Board. Repayment of all withdrawn contributions may be made in a lump sum payment or you may purchase forfeited service in yearly increments. Interest received to reinstate forfeited service credit cannot be later refunded and is not included in your member account balance. In order to purchase forfeited service, you must be a current member of PERA or a current contributing member of the Educational Retirement Association. Please contact PERA in writing to find out how to reinstate forfeited service credit.

BUYING ADDITIONAL SERVICE CREDIT ("AIR TIME")

Vested members can purchase up to 12 months of service credit for time that is not tied to any employment. "Air time" can be purchased in increments of a month or for the entire year. The purchase cost is good for 60 days from when the member is informed of the cost. Members covered in the Public Employees, Judicial and Magistrate Retirement Acts, are eligible to purchase air time. Service credit purchased as air time cannot be used to determine final average salary or the pension factor.

*The cost of purchasing air time is **nonrefundable**, so members should take that into consideration.*

COOPERATIVE WORK STUDY PROGRAMS

A member who was appointed to participate in a cooperative work study training program established jointly by a state agency and a state post-secondary educational institution may purchase credited service for up to 5 years of participation.

Previously, only State Highway and Transportation Department employees participating in a cooperative work study program with the University of New Mexico or New Mexico State University were eligible to purchase this service credit.

A member must be vested with five or more years of credited service acquired as a result of employment with an affiliated public employer to be eligible to purchase the cooperative work study service credit.

The cost of cooperative work study service credit is the full actuarial present value of the amount of the increase in the employee's pension as a consequence of the purchase as determined by PERA. This is the same formula used to determine the cost of "air time" permissive service credit.

Members must provide a copy of their student transcript showing proof of the work study programs and that the member received credit for the training program. A copy of the employer's Personnel Action Form showing the position and rate of pay must also be provided to determine the cost of the cooperative work study service credit.

THE RECIPROCITY ACT

If you have service credit under more than one PERA coverage plan or under the Educational Retirement Act (ERA), the Judicial Retirement Act (JRA) or the Magistrate Retirement Act (MRA), you should be aware that different provisions regarding service credit apply. Subject to certain statutory restrictions, the Act allows PERA members to use service earned under ERA, JRA and MRA as well as that earned under PERA in determining retirement eligibility and calculating pension benefits. Any PERA member who was employed under two or more of these Acts should contact PERA to determine his or her eligibility for reciprocal service credit under this Act.

HOW TO RETIRE FROM PERA

A retirement kit, which contains instructions and a retirement application, is available from the PERA offices in Santa Fe and Albuquerque or may be obtained by writing to:

PERA Member Services
P. O. Box 2123
Santa Fe, NM 87504-2123

or by calling (505) 827-4700 (Santa Fe), (505) 883-4503 (Albuquerque) or toll free in New Mexico 1-800-342-3422. You may also download the forms from our website at www.pera.state.nm.us. Click on the button "Publications & Forms" then scroll down the list to find the form you need.

PERA recommends you submit your retirement application for normal retirement at least 60 days in advance of your retirement date. Your effective date of retirement is the first day of the month after you have completed all of the following:

1. You meet the age and service credit requirements;
2. Your retirement application is filed and complete, including all required documentation; and
3. You have terminated employment with your employer.

For a deferred pension (leaving your contributions on account until you qualify with age and service requirements), you should also submit your retirement application at least 60 days before your retirement date.

NORMAL RETIREMENT ELIGIBILITY REQUIREMENTS

You must meet one of the following age and service requirements to retire under PERA.

AGE AND SERVICE CREDIT ELIGIBILITY REQUIREMENTS *

Any age with 25 or more years of service credit; or
Age 60 or older with 20 or more years of service credit; or
Age 61 or older with 17 or more years of service credit; or
Age 62 or older with 14 or more years of service credit; or
Age 63 or older with 11 or more years of service credit; or
Age 64 or older with 8 or more years of service credit; or
Age 65 with 5 or more years of service credit.

* Note:

Legislators, Judges, Magistrates and Volunteer Firefighters have different age and service requirements as well as benefit calculation provisions. Please request information on these plans from PERA.

If you are a police or fire member participating in one of the coverage plans shown below, you are eligible for normal retirement at any age with 20 or more years of service credit.

POLICE AND FIRE MEMBER 20-YEAR COVERAGE PLANS

Municipal Police Member Coverage Plan 3

Municipal Police Member Coverage Plan 4

Municipal Police Member Coverage Plan 5

Municipal Fire Member Coverage Plan 3

Municipal Fire Member Coverage Plan 4

Municipal Fire Member Coverage Plan 5

If you are a member participating in the State Police and Adult Correctional Officer Plan 1 or Municipal Detention Officer Plan 1, you have a 25-year plan with a 20% enhancement of the service credit earned in that plan. See page 13 for more information.

BENEFITS ESTIMATE WORKSHEET

You can estimate your normal PERA retirement pension under the “Form of Payment A” option using the following worksheet (see Optional Forms of Payment on pages 20-21 for more information). The example below is based on a member retiring with 25 years of service credit under State General Member Coverage Plan 3 with a final average monthly salary of \$2,544.

BENEFITS ESTIMATE		
Example	For Your Calculations	Calculations
A. Plan maximum	<u>80%</u>	<u> </u>
B. Pension Factor	<u>3%</u>	<u> </u>
C. Years of Service	<u>25</u>	<u> </u>
D. Multiply “B” x “C” =	<u>75%</u>	<u> </u>
E. Final Average Salary	<u>\$2,544</u>	<u> </u>
F. Use The Smaller of Line “A” or Line “D”	<u>75%</u>	<u> </u>
G. Multiply “F” x “E” =	<u>\$1,908</u>	<u> </u>

Line G is your estimated monthly pension under Form of Payment A based on the factors you have entered. While this worksheet gives you a general idea of your monthly pension, you should not base your decision to retire solely on your own estimate since factors may exist which could cause this estimate to be inaccurate. You should ask PERA for an estimate if you are seriously considering retirement within 3 years. Requests for an estimate must be in writing and take approximately 45 to 60 days for a response, depending upon the audit complexity of your file.

FORM OF PAYMENT OPTIONS

When you apply for retirement under PERA, you must choose a form of payment option. The option you choose determines whether or not income is provided for a beneficiary after your death. If you want to provide income for someone after you die, your monthly pension amount will be reduced. The reduced pension amount depends upon the option you choose, your age, and the age of your named survivor beneficiary. Regardless of which payment option you choose, a benefit payment is payable to you for the duration of your life.

The four options available to you are as follows:

FORM OF PAYMENT A

Straight Life Option. Provides a monthly benefit to you for your lifetime only. Upon your death, all payments stop on the first day of the month following your death.

FORM OF PAYMENT B

Joint Survivor Option (100%). Provides a monthly benefit to you for your lifetime. When you die, your beneficiary will receive that same amount for the rest of his or her life. Your monthly benefit amount is less than Form of Payment A because the value of your monthly retirement benefit is reduced to provide that same benefit to your beneficiary. If your survivor beneficiary dies before you, your retirement benefit is changed to the Form of Payment A amount when PERA is notified and receives the death certificate.

FORM OF PAYMENT C

Joint Survivor Option (50%). Provides a monthly benefit to you for your lifetime. When you die, your beneficiary will receive half the amount you were receiving for the rest of his or her life. Your pension benefit amount is less than Form of Payment A, but more than Form of Payment B, because the value of your monthly retirement benefit is reduced to provide half of your benefit amount to your survivor beneficiary. If your survivor beneficiary dies before you, your retirement benefit is changed to the Form of Payment A amount when PERA is notified and receives the death certificate.

FORM OF PAYMENT D

Temporary Joint Survivor Option (for retirees with unmarried minor children under the age of 25). Provides a monthly benefit to you for life. When you die, the same total amount is shared by your eligible children until the last child reaches age 25. Once a child turns 25 or marries, their benefits stop. Your pension benefit amount is less than Form of Payment A based on your age and the age of your youngest eligible child at the time of retirement. Once the youngest eligible child reaches age 25, your pension amount will change to Form of Payment A.

SELECTION OF FORM OF PAYMENT

You must select a payment option at the time of your retirement. This election must be made on a PERA *Application for Pension* form and will require either a completed notarized PERA *Spousal Consent Form* consenting to the form of payment and beneficiary selected or a notarized *Affirmation of Marital Status* form stating you are not married at the time of retirement. If you do not select a form of payment, PERA will begin payments under:

- Form of Payment A, if you are not married at the time of retirement, or
- Form of Payment C, with your spouse as survivor pension beneficiary, if you are married at the time of retirement.

The amount of your retirement pension is based on your:

- Final Average Salary (FAS), the average of the highest 36 consecutive months of your salary;
- Service Credit, the years and months you worked for PERA-affiliated employers; and
- Pension Factor, the percentage associated with the coverage plan under which you retire.

FORM OF PAYMENT CHANGES

The form of payment selected may not be changed after the date the first pension payment is made, except in the following instances:

- If you selected Form of Payment B or C with your spouse as the beneficiary and you and your spouse are later divorced, you may change to Form of Payment A only if a court order so provides. Contact PERA for additional information.
- If your beneficiary dies before you, then the form of Payment A after PERA receives notice of the death and receives a copy of the death certificate.
- If you are reemployed by a PERA employer, suspend your pension and become a regular contributing employee again. If you work for at least three years you can reretire with a new option and/or new survivor beneficiary.

In all four options, you will receive at least all of the contributions you paid into your account and the interest your account has earned. If you die before your contributions and interest have been paid in benefits, the employee contributions and interest remaining in your account will be paid to your refund beneficiary or your estate, whoever was designated on the *Application for Pension* form, if there is no survivor pension beneficiary elected.

FORM OF PAYMENT EXAMPLE

The following example shows the effect of selecting Form of Payment A, B or C for a PERA member retiring under State General Plan 3 based upon these criteria:

- Retiree's age - 60
- 25 years of service credit
- A final average salary of \$2,546
- Beneficiary's date of birth and age
at the time of member's retirement - Age 59

FORM OF PAYMENT OPTIONS

- | | |
|------------|--|
| Option A - | Straight Life With No Beneficiary = \$1,909
Member Pension Benefit |
| Option B - | Joint Survivor, 100% = \$1,585 Member
Pension Benefit and \$1,585 Beneficiary
Survivor Benefit |
| Option C - | Joint Survivor, 50% = \$1,732 Member
Pension Benefit and \$866 Beneficiary
Survivor Benefit |

SURVIVOR PENSIONS

If a member dies before retiring, certain survivor pensions are available from PERA, depending on the particular circumstances of the member. In general, these survivor pensions provide the following:

DEATH IN THE LINE OF DUTY

A survivor pension is paid to your eligible spouse and your eligible children if you die in the line of duty and you have not elected coverage under the Designated Survivor Pension Beneficiary provisions. A spouse is eligible if he or she was married to you at the time of your death.

DEATH NOT IN THE LINE OF DUTY

If you are vested (earned 5 or more years of service credit) and die, but not in the line of duty, a pension will be paid to your eligible spouse or to your eligible children if you did not elect coverage under the Designated Survivor Pension Beneficiary provisions. A spouse is eligible if he or she was married to you at the time of your death.

SURVIVOR BENEFICIARY DESIGNATION

Submitting a PERA *Survivor Beneficiary Designation* form will allow you to designate a beneficiary to receive your pension if you die before retirement and you are not married, or if you wish to designate someone other than your spouse. If you are married, you must have your spouse's consent to designate someone other than your spouse. You may change your designated survivor beneficiary at any time prior to your death or retirement.

If you have less than 5 years of PERA service credit, a pension will be payable only if your death is in the line of duty. Otherwise, a lump-sum refund of your employee contributions and interest will be made to the beneficiary named on the *Refund Beneficiary Designation* form you submitted. If there is not a *Refund Beneficiary Designation* form on file, then the account will be refunded to your estate.

If you would like to know more about the rules used to calculate survivor pension benefits, please contact PERA.

DISABILITY RETIREMENT

GENERAL CONDITIONS

All PERA members are eligible for a duty disability benefit beginning on the first day of employment with a PERA-affiliated employer. When you become vested, you are also eligible for a non-duty disability benefit. As a vested member, you will remain eligible for non-duty disability unless you withdraw your contributions from PERA. For you to become eligible for this benefit, your doctor must certify that you cannot work for at least one year. The PERA Board determines if a disability is duty related based on certain legal requirements.

DISABILITY REVIEW

Your disability application and supporting evidence are reviewed by a Disability Review Committee, which includes medical doctors and PERA Board members. You must submit reports of medical examinations and provide all information requested by PERA. The Disability Review Committee is responsible for reviewing applications and determining whether or not disability benefits are granted. An applicant has appeal rights if he or she disagrees with the determination of the committee.

Disability retirements may be subject to reevaluation until the retired member reaches normal retirement. If, on reevaluation, the committee finds that you are no longer disabled, disability pension payments will be discontinued.

SSA BENEFITS

If eligible, you are required to apply for federal Social Security Administration (SSA) disability benefits within 30 days of receiving PERA disability. If federal SSA benefits are approved for the same medical condition, your PERA benefits will be automatically continued. However, if you are denied federal SSA benefits, your PERA benefits will be automatically discontinued.

ANNUAL EARNINGS STATEMENT

A disability retiree must submit an annual statement of “earnings from gainful employment” to PERA by July 1 of each year. PERA rules require submission of your federal Internal Revenue Service tax return or other proof of earnings.

Disability pension payments will be suspended if the tax return or other proof is not filed or if the amount of the retiree's earnings from employment in the previous year exceeds \$15,000.

DISABILITY PENSION AMOUNT

If the Disability Review Committee determines that you are eligible to receive a disability pension, the benefit will be calculated under the terms of your coverage plan. In the case of duty disability, the service credit used in the calculation is the amount you would have had if you had continued employment to your first eligibility date for normal retirement. In the case of a non-duty disability, your actual service credit is used in the calculation.

YOUR RIGHT TO APPEAL A DENIAL OF A CLAIM FOR BENEFITS

You will be notified in writing if your claim for a benefit has been denied. The notification will contain the reason your claim was denied. You then have 90 days to appeal the denial to the PERA Board. Your appeal must contain your reason for believing the denial is improper. An administrative hearing of your appeal will be scheduled within 60 days of receiving the appeal. For further information about the appeal process, please contact PERA.

COST-OF-LIVING ADJUSTMENTS (COLA)

Once you have been retired for two full-calendar years (January 1 through December 31) you will receive a 3% Cost-Of-Living Adjustment (COLA) effective July 1 of the following year. For example, if you retired effective August 1, 2008, your first COLA will be paid on the July payroll for the year 2011.

If you retire due to a disability or if you are at least age 65 prior to your first COLA eligibility date, the two-calendar-year waiting period is reduced to one full-calendar year. The COLA will be paid July 1 of the following year.



CONTRIBUTIONS BY MEMBERS AND EMPLOYERS

As an employee, you contribute to your retirement a percentage of your salary specified under the coverage plan of your current employer. Your affiliated public employer also contributes at a specified percentage. Some employers “pick up” or pay, a portion of the employee contributions. Your contributions are based on your gross salary before deductions. The state and many other affiliated employers have elected to defer taxes on your contributions. Therefore, if you withdraw your contributions, both state and federal taxes will be withheld if your contributions have been tax deferred. The contribution rates by employee and by employer are listed on pages 8 and 10.

REFUNDS

Upon terminating employment you may apply for a refund of your accumulated member contributions and interest, if you are not employed by another affiliated public employer for 30 days. A refund of your contributions will mean forfeiting service credit and any rights to a deferred pension as well as disability and survivor benefits. Employer contributions made on your behalf are retained by PERA. All refund requests must be made on a *PERA Termination Notice* form which is available from your payroll or personnel office. Because New Mexico is a community property state, you must submit a copy of any divorce decrees and marital property settlements to PERA along with the *Termination Notice*. Refunds are subject to all applicable state and federal tax laws. You may “roll over” your contributions to certain other kinds of retirement planning accounts. If you are interested in rolling over your contributions, please contact PERA.

When you withdraw your member contributions, you forfeit all of your service credit. You will not be eligible for a retirement pension unless the withdrawn contributions are repaid, along with interest, calculated from the date of withdrawal to the date of repayment. Refund and rollover requests cannot be processed until PERA has received final payroll information from your employer and all contributions have been posted to your account. Therefore, a refund or rollover of contributions normally takes a minimum of 60 days to process.

HELPFUL TIPS

- ✓ Make use of PERA's Interactive Voice Response system by calling (800) 342-3422 statewide or (505) 827-4700 in the Santa Fe area for the following information:
 - Active members may obtain the current balance and refund information for their member contributions in their account.
 - Retirees may obtain pension and deduction amounts for their retirement benefits.
- ✓ Remember to keep your Refund Beneficiary and Survivor Beneficiary information current. Forms are available from your employer or you may request them directly from PERA Member Services or download them from the PERA website at www.pera.state.nm.us.
- ✓ If you move, please submit a change of address to PERA in writing. This will ensure that your Annual Member Statement, Cost-of-Living Adjustment (COLA) letter, board election ballot, La Voz newsletter and other important documents reach you in a timely manner.
- ✓ All retirement applications, supporting forms and additional documents should be submitted to PERA 60 days prior to your estimated date of retirement.
- ✓ If you are divorced, make certain that you retain court endorsed copies of all related documents.
- ✓ Your retirement will be effective on the first day of the month following:
 - Filing your completed, signed application and all required documentation with PERA;
 - PERA verifies your service credit and age;
 - Termination of employment with your PERA affiliated-employer.

WHO DO I CALL?

... If I have questions about retiring? or

... If I have questions about benefit estimates? or

... If I have questions about purchasing military
service or withdrawn service?

PERA Member Services-Santa Fe	505-827-4700
Or toll free in New Mexico	1-800-342-3422
PERA Albuquerque office	505-883-4503

... If I have questions about deferred compensation?

Deferred Compensation	505-827-4703
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... If I have questions on disability retirement or
survivor benefits?

Member Services-Santa Fe	505-827-4700
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... If I would like to receive more education about
my benefits?

Liaison Officer-statewide	505-827-4747
Albuquerque metro area	505-883-4503

... If I have questions about PERA investments?

Investments	505-827-4782
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... If I have questions about refunds?

Administrative Services	505-827-4700
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... If I have questions about retirement for educators?

Educational Retirement Board	505-827-8030
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... If I have questions about retiree insurance?

Retiree Health Care	505-222-6400
Or toll free in New Mexico	1-800-233-2576

... If I have questions about social security?

Social Security	1-800-772-1213
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MEMBER INFORMATION

EMPLOYMENT 1

Employer Name _____

Hire Date _____

Termination Date _____

EMPLOYMENT 2

Employer Name _____

Hire Date _____

Termination Date _____

EMPLOYMENT 3

Employer Name _____

Hire Date _____

Termination Date _____

EMPLOYMENT 4

Employer Name _____

Hire Date _____

Termination Date _____

EMPLOYMENT 5

Employer Name _____

Hire Date _____

Termination Date _____

EMPLOYMENT 6

Employer Name _____

Hire Date _____

Termination Date _____

Albuquerque Office

2500 Louisiana Blvd. NE, Suite 420

Albuquerque, NM 87110

505-883-4503 Voice

505-883-4573 Fax

Santa Fe Office

PO Box 2123

1120 Paseo de Peralta (87501)

Santa Fe, NM 87504-2123

505-827-4700 Voice

505-827-4670 Fax



**Public Employees
Retirement Association**
of New Mexico

September 2008

Toll Free in New Mexico 1-800-342-3422

Website: www.pera.state.nm.us

E-mail: pera-memberservices@state.nm.us

